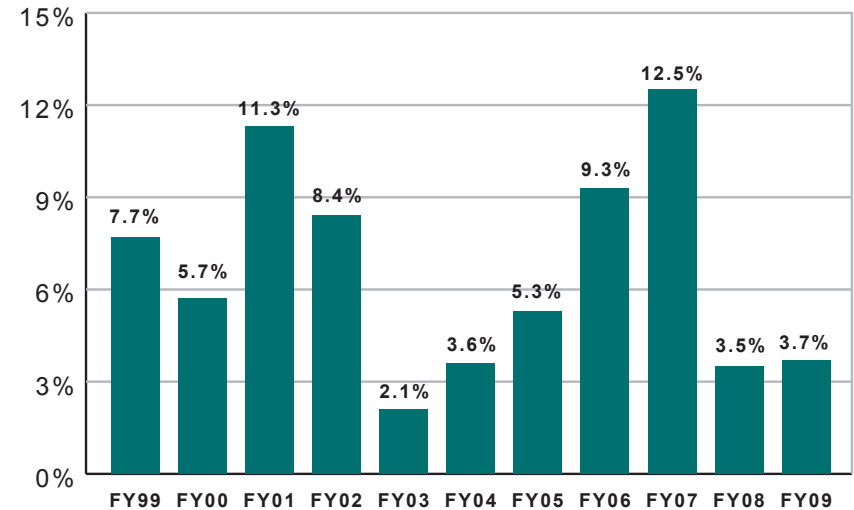


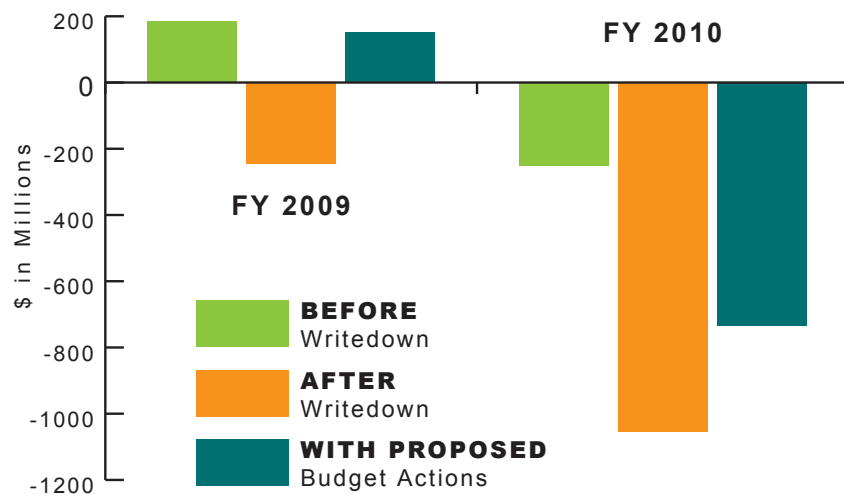
PROMOTE EFFICIENT GOVERNMENT

\$2,240,000,000	Budget cuts since O'Malley-Brown Administration took office.
\$25,900,000	Abolish 830 State positions, bringing total position abolitions over 1,500.
\$500,000	Consolidate print shops
\$1,900,000	Limit vehicle purchases & out-of-state travel
\$392,000	In-source cemetery operations
\$70,000	Close Upper Shore Planning Office
\$175,000	Privatize Dietary Operations at State Hospital
\$1,500,000	Close Thomas O'Farrell Center
\$4,000,000	House additional federal detainees in Maryland facilities

BUDGET GROWTH FY 1999-2009



BUDGET OUTLOOK



NET IMPACT OF BUDGET PROPOSALS

(\$ in Millions)

Projected FY 2009 Fund Balance (July 2008)	186
FY 2009 Revenue Writedown (Sept 2008)	-432
Fiscal 2009 Deficit	-246
Proposed Reductions	297
Reversion of Prior Year Encumbrances	26
Fund Transfers - Require Legislative Approval	75
Total Proposed Budget Actions	398
Revised Fiscal 2009 Closing Fund Balance	152

FY 2009 Reduction Items
15-Oct-08

Reduction Item	Description	Total Fund Reduction	General Fund Reduction	Positions Reduced	General Fund Reduction	Positions Reduced
Attorney General					589,000	2.00
Fund Swap and position reduction	Use special fund balance from consumer protection recoveries to offset general funds	589,000	589,000	2.00		
Governor's Office Boards, Commissions and Offices					899,000	4.00
Position Abolitions	Eliminate four positions: 2 vacant and 2 filled	213,889	213,889	4.00		
Office of Crime Control and Prevention	Reduce operating expenses	72,339	72,339			
Office of Crime Control and Prevention	Reduce Local Law Enforcement Grants	612,772	612,772			
Board of Public Works					123,758	
Maryland Zoo in Baltimore	Total state funding maintained at FY2008 level	98,758	98,758			
Historic Annapolis Foundation	Reduce Historic Annapolis Foundation Grant payment, leaving \$543,000	25,000	25,000			
Maryland Energy Administration					313,145	
Fund Swap	Replace \$313,145 of GF administrative expenses with funds obtained from Regional Greenhouse Gas Initiative auction	313,145	313,145			
Historic St. Mary's City					88,000	
Fund Swap and Reduce Operating Expenses	Use special fund to offset general fund reduction; reduce operating days and hours; achieve salary savings	88,000	88,000			
Governor's Office for Children					80,000	
Salary Savings	Downgrade vacancies and achieve salary savings from temporary vacancies in Executive Director and Assistant AG positions	80,000	80,000			
Interagency Committee on School Construction					149,107	
Operating Expenses	Reduce travel and equipment expenses	31,107	31,107			
Technology in Maryland Schools	Re-estimate lease payment costs	118,000	118,000			

Commission on Human Relations

Operating Expenses	Eliminate 2.5 vacancies; delay hiring	69,942	69,942	2.50	69,942	2.50
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State Board of Elections

Salary Savings	Savings attributable to 3 unfilled contractual positions	155,000	155,000		155,000	
SBE Optical Scan reduction	Reduce lease costs - GF are in Major IT Development Program	1,756,000	0			

Military Department

Position Reduction	Abolish 6 vacant positions: 1 public affairs officer, 1 security position, and 4 building maintenance positions	169,810	169,810	6.00	927,562	6.00
Defer Maintenance	Defer facility repair and maintenance projects	207,752	207,752			
Tuition Assistance	Reduce due to diminished demand and availability of federal funds.	250,000	250,000			
Reintegration Program	Federal government has now provided \$1.4 million for reintegration activities. \$500,000 of state funds remain.	300,000	300,000			

Comptroller

Position Reduction	Eliminate 10 vacant non-revenue generating positions	402,500	402,500	10.00	2,355,000	10.00
Lease Purchase Costs	Delay purchase of mainframe printers for Annapolis Data Center until late FY 2009; first lease payment not due until FY 2010	678,500	678,500			
Operating Expenses	Funds for reduced travel, grant to General Accounting Standards Board, temporary employees, programming, law book purchases, insurance and supplies; office renovations, furniture acquisitions and IT purchases	1,274,000	1,274,000			

State Treasurer's Office

Bank Charges	Bank credit due to overpayment	128,000	128,000		128,000	
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Information Technology

Salary Savings	Achieve salary savings	135,668	135,668		886,929	
Fund Swap	Special Funds replace General Funds for local area network costs	275,261	275,261			
Contractual Services	Eliminate Lifecycle Management contract for telecommunication services	420,000	420,000			
Software Maintenance Costs	Savings due to decreased need in FY 2009	56,000	56,000			

Major Information Technology Development Projects**5,806,000**

Statewide Personnel System	Reduce funding based on cashflow requirements of the project	2,950,000	2,950,000		
State Board of Elections Optical Scan Lease	Reduce funding based on cashflow requirements of the project	1,756,000	1,756,000		
DJS Treatment Assessment, Planning and Tracking System	Reduce funding based on cashflow requirements of the project	400,000	400,000		
Independent Verification and Validation	Delete funding for Independent Verification & Validation related to student financial aid system and assessment and valuation system, as	700,000	700,000		
Agriculture				4,103,103	10.00
Cover Crops	Current approved acres total 387,000. Based on prior year activity level, available funding exceeds projected demand.	3,075,000	3,075,000		
MARBIDCO	Leaves \$2.75 million	500,000	500,000		
Wine Promotion Council	Eliminate grant	150,000	150,000		
Tobacco Transition Program	Reduce Cigarette Restitution Funds to reflect anticipated demand. Redirect special fund savings to Medicaid.	1,500,000	0		
Reduce Positions	Eliminate 10 vacancies across programs	378,103	378,103	10.00	
Local Aid				16,456,562	
Local Jails	Reduce payments for inmates housed in local jails by 25%	6,000,000	6,000,000		
Aid to Community Colleges	Reduce FY 2009 increase by 50%; still funded above FY 2008 level	8,182,970	8,182,970		
Local Health	Reduce budget by 2.6%; allows for 0.7% (\$490K) growth over FY 2009 and leaves over \$ 67 million	1,769,072	1,769,072		
Police Aid	Funded at FY 2008 level	504,520	504,520		
Public Television				373,000	
Administration & Support Services	Eliminate K-12 programming; reduce membership and production staff	223,000	223,000		
Operating costs	Reduce lease payment for equipment due to delayed procurement	150,000	150,000		
TEDCO				1,460,000	
Maryland Stem Cell Research Fund	Total funding will be \$18 million	1,000,000	1,000,000		

Maryland Technology Transfer Fund	TEDCO able to meet target of 20 awards with revised budget	225,000	225,000		
University Technology Development Fund	TEDCO estimates 8 awards to be funded in FY 2009.	200,000	200,000		
Operating Expenses	Reduce printing costs; web hosting and maintenance; equipment maintenance	35,000	35,000		
Reserve Fund					20,000,000
Inter-County Connector	Shift costs to FY 2011	20,000,000	20,000,000		
Public Defender					400,000
Position Reduction	Abolish 17 vacant positions: 3 Paralegals, 3 Investigators, 4 Intake Specialists, and 7 Administrative / Support positions. Many vacant 9+ months	400,000	400,000	17.00	17.00
Secretary of State					89,000
Operating costs	Fund swap and across-the-board savings from re-evaluation of agency	89,000	89,000		
Aging					412,562
Senior Housing Programs	Reduce by approximately 6%, from \$5.1 to \$4.8 million; reduction reflects historical spending patterns	290,000	290,000		
Senior Information & Assistance	Reduce from \$810,000 to \$769,500 (5%)	40,500	40,500		
IT Grants to Locals	Minimal impact	28,062	28,062		
Fund Swap	Special Funds will support certain administrative costs	54,000	54,000		
Veterans Affairs					443,999
Reduce Contractual Services	In-source cemetery operations	392,347	392,347		
Document Management System	Savings attributable to increased efficiencies	45,000	45,000		
Building Maintenance	Balance will cover existing maintenance	6,652	6,652		
Budget and Management					607,150
Position reduction	Eliminate 4 vacant positions.	283,838	283,838	4.00	4.00
Chesapeake 2010 Fund	Limit spending on new programs	5,000,000	0		
Fund swap	Increase non-general fund share of salary related costs.	150,000	150,000		
Increase turnover	Continue to keep positions vacant to achieve savings	68,012	68,012		
Operating costs	Reduce printing, advertising, travel, and maintenance	105,300	105,300		
State Archives					118,000

Fund Swap	Shift costs from General to Special funds	55,687	55,687		
Salary Savings	Delay hiring Architect of the Capital until FY 2010.	62,313	62,313		
Interagency Fund					1,988,000
Rehabilitation Option Funding	Reduce Rehab Option funding to reflect start date delay for Medicaid-eligible clients waiver. Current estimated start between Jan. 1 and April 1, 2009, depending on timing of federal waiver approval	788,000	788,000		
Local Management Boards	Reduce administrative expenses	200,000	200,000		
Community Service Initiative	Reduce funds to reflect anticipated spending	1,000,000	1,000,000		
Juvenile Services					2,300,000
Overtime	Reduce Overtime Expenditures by 7%	400,000	400,000		25.00
Position Reduction	Eliminate 25 vacancies (18 administrative positions and 7 direct care positions)	400,000	400,000	25.00	
Thomas O'Farrell Center	Terminate contract with private provider for facility; serve youth in community programs; estimated closure would be December 2008.	1,500,000	1,500,000		
Business and Economic Development					9,800,220
Film Production Wage Credit	\$1.5 million reduction is partially offset by use of \$1 million from FY 07 cancelled project	1,500,000	1,500,000		14.00
Maryland Tourism Development Board	Reduce funding for Tourism Board. Leaves \$5.5 million TF in FY 2009. No impact on locals.	2,150,000	2,150,000		
MD State Arts Council	Reduction leaves \$15.2 million	2,269,000	2,269,000		
Operating Costs	Abolish 3 filled and 11 vacant positions; eliminate funding for 3 new vehicles.	923,058	923,058	14.00	
Military Alliances	Reduce funding to nine Alliances by 30%	103,300	103,300		
Small Business Assistance	Reduce funding for Small Business Assistance grants by 30%	182,080	182,080		
Nano-Biotechnology Initiative	Reduce funding for grants by 25%; leaves \$1.8 million in FY 2009.	600,000	600,000		
Maryland Industrial Partnership Program	Reduce funding by 30%; leaves \$1.4 million in FY 2009.	609,192	609,192		
Partnership for Workforce Quality Grants	Reduce funding by 30%; leaves \$625,000 in FY 2009.	272,590	272,590		
Military Reservists and Service-Related No-Interest Loan Program	Reduce funding by 70%; leaves \$300,000 in FY 2009. No loans approved to date.	700,000	700,000		

Capital Region USA & Downtown Partnership Grants	Reduce funding by 30%	140,500	140,500		
Regional Development Grants	Reduce funding for grants by 30%	350,500	350,500		
Department of Environment				2,492,380	20.00
Fund Swap	Use Special Funds in lieu of General for various programs.	1,540,000	1,540,000		
Defer Vehicle Replacement	Defer replacement of four vehicles and use special funds in lieu of general funds	64,000	64,000		
Operating Costs	Reduce out-of-state travel and training	40,000	40,000		
Position Reduction	Eliminate positions across department	848,380	848,380	20.00	
Housing and Community Development				2,383,444	
Community Legacy Program - PAYGO	Reduce funding from \$6.5 million to \$4.2 million for grants to local governments and community development organizations.	2,260,444	2,260,444		
Fund Swap	Use small portion of DHCD's \$42 million General Bond Reserve Fund to cover operating costs.	123,000	123,000		
Higher Education Commission				8,857,403	4.00
Position Reduction	Eliminate 4 vacant positions; operations can be absorbed by existing personnel	216,296	216,296	4.00	
Operating Costs	Reduce funds for application software maintenance, temporary help, communications, utilities, fleet maintenance, miscellaneous.	168,000	168,000		
Community College Initiative for Students with Learning Disabilities	Grant is not expected to be fully expended in FY2009, based on actual expenditures in first two years of pilot; \$250K remaining after reduction.	250,000	250,000		
IMPART Grant	Decrease interns from 20 to 4 and fellows from 10 to 8; will not impact current students; \$130K remaining after reduction.	70,000	70,000		
Welcome Grants	Reduce funding for minority faculty salary subsidies by 20%; no new awards in FY 2009. Does not impact current recipients.	40,000	40,000		
Diversity Grants	Reduce grants to institutions to assist disadvantaged graduate students; will not impact students mid-year; \$130K remaining after reduction.	50,000	50,000		
Washington Center Grant	Delete all MHEC funding for internships in nation's capital (approximately 60 interns annually); no funds have been distributed to date.	200,000	200,000		

[illegible]

Provider Rates Increases	Reduce increase in community provider rates from 2.7% to 2%; reduce nursing home rate increases from 6.5% to 3.25%; reduce residential treatment centers rate increase from 4% to 2%; reduce physician rate increase from 2% to 1%	39,300,000	20,680,000
Hospital Payments	New federal regulations allow denial of Medicaid payments for preventable events and alter rules for outpatient payments.	2,000,000	1,000,000
Ventilator Patients	Increased review of chronic hospitals for ventilator patients, reducing payment rate for patients on ventilators to nursing home rate where hospital stay is no longer necessary	6,000,000	3,000,000
Academic Health Centers	Reduce Cigarette Restitution Fund grants to academic health centers for cancer research, health network, and other tobacco related diseases from \$13.4m to \$10m, approximately 25%. Redirect special fund savings to Medicaid.	3,406,000	0
Fund Swap	Reduce general funds for Medicaid to recognize availability of Cigarette Restitution Funds freed up by Academic Health Center and Tobacco Transition Program reductions.	5,890,753	5,890,753
Family Health	1% reduction to Family Health Grants	400,000	400,000
Community Mental Health Services	1% reduction in community mental health services	3,600,000	3,600,000
MCO Payment Rates	Savings from reducing payment rates in Montgomery County and Prince George's County effective January 1st; savings are also realized due to favorable trends in hospital rates.	8,500,000	4,250,000
MCO Quality Incentives	Eliminate funding	2,500,000	1,250,000
Community Health Resources Fund	Reduce FY 09 Budget and transfer balance to general fund	6,802,248	0

Human Resources

Position Reduction	Eliminate vacant positions across the Department.	2,557,768	2,557,768	100.00
Public Assistance Payments to Adults	Reduce General Funds to reflect favorable caseload and monthly payment trends.	1,300,000	1,300,000	
Child Welfare Services	Reduce funds restricted by General Assembly until DHR meets caseload to staff standards.	1,000,000	1,000,000	
Eliminate Drug Screening Program	Program has never been implemented.	933,483	933,483	
Young Fathers Fatherhood Program	Young Fathers Fatherhood Employment and Absent Parent program activities will be merged into the Non-custodial Parent Employment Program, without a reduction in service level.	500,000	500,000	

Fund Swap	Use Child Support Reinvestment Fund in place of General Funds for Child Support Administration collections contracts. FY 09 projected ending balance in Reinvestment Funds is \$5.5 million.	1,598,711	1,598,711
Food Stamp Corrective Action Programming	Eliminate funding for error reduction initiatives and other food stamp payment accuracy activities which are no longer necessary, as the Program Improvement Plan is completed.	1,734,000	867,000
Disability Entitlement Advocacy Program	Restructure contract for Disability Entitlement Advocacy Program to accommodate federal regulations.	1,273,561	500,000
Foster Care Maintenance Payments	Reduction reflects revised estimates for foster care caseloads and estimated average payments due to change in percentage of regular foster care versus institutional placements and treatment foster care.	1,000,000	1,000,000
Social Services Administration	Reduce appropriation to reflect historical under-spending.	2,200,000	2,200,000
1% Rate Reduction for Providers	Reduction of institutional foster care rates paid as approved by the Inter-Agency Rate Commission for FY09.	1,250,000	800,000

Education

				15,440,533	28.00
Operating costs	Reduce funds for secretarial support, Project Phoenix (Reboot), Charter School funds, budget system, and computer maintenance	207,724	207,724		
Positions Reduction	Abolish 28 vacant positions. 4 of the positions are in adult correctional education and 2 are in juvenile education (Victor Cullen).	1,546,668	1,546,668	28.00	
Professional Development	Reduce resources available for professional development for principals and educators.	50,349	50,349		
Modified Assessments	MSDE has received approval from the USDOE to delay the implementation of this assessment until FY11.	2,000,000	2,000,000		
Fund Swap	Use federal funds in lieu of general funds for programs in Early Childhood Development, Instruction, and the Division of Library Development	790,622	790,622		
Child Care	Achieve savings through fund swap and revised estimates based on favorable enrollment trends	5,300,000	5,300,000		
Child Care Resource & Referral & Family Support Centers	Reduce each contract by 5%. Both organizations have been spared from reductions during previous cost containments.	500,000	500,000		
Fine Arts Grants	Eliminate several professional development institutes and seminars.	300,000	300,000		
Chess Program	Reduce funds for the Chess program by 10%.	25,500	25,500		
Equipment and Operating Costs	Reduce funds for department-wide operating expenses and equipment and 0.5 contractual position	431,960	431,960		
State Formulas	The reduction is based on revised enrollment	191,710	191,710		

State Aided Institutions	Additional reduction of 10%. BPW approved a 5% reduction in June	600,000	600,000		
Gifted & Talented Summer Centers	Reduce funding for the Gifted and Talented Summer Centers by 10%.	46,000	46,000		
Destination Imagination	Eliminate funds for Destination Imagination.	75,000	75,000		
Breakfast Pilot program	Reduce funds for the Breakfast Pilot program by 10%.	312,000	312,000		
School Based Health Centers	Reduce funds for School Based Health Centers by 5%.	144,000	144,000		
School Improvement Funds	Reduce by 25%. Leaves \$8.6 million GF in FY 2009	2,750,000	2,750,000		
Math and Science Initiatives	Local Education Agencies absorb 50% of the program cost.	169,000	169,000		
Assessments and Taxation					
Homeowner's Tax Credit	Projected costs below budgeted amount	5,000,000	5,000,000		7,316,219 41.00
Overhead and Administrative Costs	Eliminate 41 vacant positions, achieve rent savings, reduce mileage reimbursement, conference costs, printing, overtime, outside consultants, and other operating costs	2,202,591	2,202,591	41.00	
Fund Swap	Positions reassigned to homeowner's tax credit program and funded with special funds	113,628	113,628		
Labor, Licensing and Regulation					
Operating Costs	Reduce travel and subscriptions and eliminate vacant positions across the department	491,219	491,219	8.00	1,057,175 8.00
Russian Immigrant Program	Eliminates program	75,000	75,000		
Grant Reduction	Reduce grants to Baltimore Urban League (leaves \$355K) and the Foreign Trained Nurse Program (leaves \$200K)	89,400	89,400		
Fund Swap	Charge more of agency overhead to special and federal funds	401,556	401,556		
Planning					
Position Reduction	Eliminate vacant positions	398,243	398,243	10.00	810,243 10.00
Museum Services Grants	Cut remaining fund balance after awards were made	162,000	162,000		
Maryland Historic Trust Revolving Loan Fund	Reduce General Fund PAYGO	250,000	250,000		
African American Museum					
Grant Reduction	Reduce grant to Museum by 4%.	87,000	87,000		87,000

Morgan State University					685,000	
Annual Grant	1% reduction in General Fund support.	685,000	685,000			
State Police					7,630,204	25.00
Salary Savings	Reduce funding to more accurately reflect current vacancy level among State Troopers. Proposal allows sufficient funding for State Police to have a new trooper class late in the fiscal year.	4,515,475	4,515,475			
Increase Turnover - State Fire Marshal	Reduce funding to more accurately reflect current vacancy level.	153,995	153,995			
Position Reduction	Abolish 5 senior management trooper vacancies and 20 vacant civilian ...	929,970	929,970	25.00		
Fund Swap	Utilize indirect cost recoveries.	2,030,764	2,030,764			
Public Safety & Correctional Services					10,100,737	161.00
Federal Detainees	House an additional 96 federal detainees in Maryland correctional institutions. Increase in federal fund revenue offsets General Funds.	4,000,000	4,000,000			
Closure	Close Maryland Transition Center C-Block (Segregation Unit); no impact on public safety	778,000	778,000			
Position Reduction	Abolish variety of vacant positions across the Department, including IT support, fingerprint specialists, 40 secretaries, clerical and administrative support, and customer service.	1,624,630	1,624,630	61.00		
Information Technology	Reduce operating costs	81,669	81,669			
Testing and Evaluation	Align budget for urinalysis testing and psychological evaluations with prior year actual expenditures.	266,883	266,883			
Vacant Correctional Officer Position Reductions	Eliminate 100 vacant CO positions and Correctional Supply Officers. Agency retains approximately \$6.75M associated with positions to fund operating costs	2,900,825	2,900,825	100.00		
Operating Costs	Reduce funds for consulting, project management, and programming services	448,730	448,730			
General Services					2,390,980	24.00
Vacancy Reduction	Abolish vacant positions across the department	1,190,980	1,190,980	24.00		
Facilities Operation and Maintenance	Reduce funding for maintenance contracts at state facilities	600,000	600,000			
Critical Maintenance	Defer critical maintenance at state facilities	500,000	500,000			
Fund Swap	Use Regional Greenhouse Gas Initiative funds to cover 2 positions in DGS Energy Services Division.	100,000	100,000			

Natural Resources

Position Reduction	Abolish 15 vacant positions throughout the Department. These are generally administrative positions.	1,070,501	1,070,501	15.00	3,805,759	46.00
Natural Resource Police positions	Abolish 31 of the 46 vacant Natural Resource Police positions. There would still be 249 Natural Resource Police positions after this action.	1,988,957	1,988,957	31.00		
Fund Swap	Use Special Funds from the State Boat Act and the Wildlife Management and Protection Fund to support 7 Natural Resource Police positions and a position at Somers Cove Marina.	572,301	572,301			
Wetlands Restoration Initiative	Level fund program; leaves \$150,000 and maintains current acreage.	174,000	174,000			

Department of Disabilities

Salary Savings	Delay filling some current vacancies	41,100	41,100		80,100	
Operating Costs	Reductions to printing and meeting costs; staff training; communications; software; supplies; conference attendance; Youth Forum grant and computer purchases.	39,000	39,000			

Stadium Authority

Fund Swap	Agency has excess bond proceeds that can be used to fund Montgomery County Conference Center	100,000	100,000		100,000	
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Statewide

Fund Swap	Regional Greenhouse Gas Initiative funds to cover state energy loan repayments in FY09.	3,373,183	3,373,183		63,951,992	13.00
Operating Expenses	Cut replacement vehicles (excluding State Police) and out-of-state conference travel by 50%	1,930,621	1,930,621			
Print Shop	Consolidation	500,000	500,000	13.00		
Health Insurance Fund	General funds share of the balance	12,000,000	12,000,000			
Balance OPEB	No additional FY 2009 OPEB contribution	46,148,188	46,148,188			

Transportation

Positions Reduction	Eliminate 66 positions			66.00		66.00
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